GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3354
ANSWERED ON:15.04.2002
HIGH PRICES OF FARM INPUTS
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the prices of farm inputs have almost doubled during the last two years;

(b) if so, whether as a result production cost of agricultural produces has also doubled;

(c) if so, whether the farmers are not getting adequate price for thier investment;

(d) whether the support prices fixed by the Government are not sufficient;

(e) if so, whether the Government propose to extend compensation to the farmers;

(f) if so, the details thereof; and

(g) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): As per National Accounts Statistics, the value of inputs in agriculture sector (including livestock), which was Rs. 93416 crores in 1998-99, rose to Rs. 96716 crores in 2000-01 at current prices.

(b): The cost of production of agricultural crops depends on cost of cultivation and productivity. Accordingly in case the productivity increases at a higher rate than the increase in cost of cultivation, the cost of production of such crops may actually decline. Conversely the cost of production may increase. Thus seen over a period of time, the cost of production shows a fluctuating pattern.

(c)to(g): The Government announces each season the Minimum Support Price (MSP) of major agricultural commodities with a view to encourage higher investments and production. The Minimum Support Price (MSP) fixed by the Government not only covers cost of production but also a reasonable margin as an incentive to the farmers to invest and improve production and productivity.

Statements showing the estimated cost of production, MSP fixed, implicit prices and returns from cultivation of Wheat and Paddy in major producing States during 1996- 97, 1997-98 and 1998-99 are annexed.